HOUSE BILL No. 1070

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-11.

Synopsis: Industrial recovery tax credit. Provides that a taxpayer is entitled each taxable year to an industrial recovery tax credit against the taxpayer's state tax liability in an amount equal to 25% of the taxpayer's qualified investment in a qualified community development entity made during the taxable year.

Effective: January 1, 2017.

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January 5, 2016, read first time and referred to Committee on Ways and Means.

Introduced

Second Regular Session of the 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

HOUSE BILL No. 1070

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 6-3.1-11-1, AS AMENDED BY P.L.288-2013, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2017]: Sec. 1. As used in this chapter, "applicable percentage" means the percentage determined as follows:

(1) For a plant that is located on an industrial recovery site, one (1) of the following percentages:

~~(1)~~ **(A)** If ~~a~~ **the** plant ~~that is located on an industrial recovery site~~ was placed in service at least fifteen (15) years ago but less than thirty (30) years ago, the applicable percentage is fifteen percent (15%).

~~(2)~~ **(B)** If ~~a~~ **the** plant ~~that is located on an industrial recovery site~~ was placed in service at least thirty (30) years ago but less than forty (40) years ago, the applicable percentage is twenty percent (20%).

~~(3)~~ **(C)** If ~~a~~ **the** plant ~~that is located on an industrial recovery site~~ was placed in service at least forty (40) years ago, the applicable percentage is twenty-five percent (25%).

The time that has expired since a plant was placed in service shall be determined as of the date that an application is filed with the corporation for designation of the location as an industrial recovery site under this chapter.

(2) For a qualified investment made in a qualified community development entity, the applicable percentage is twenty-five percent (25%).

SECTION 2. IC 6-3.1-11-9.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2017]: **Sec. 9.5. As used in this chapter, "qualified community development entity" has the meaning set forth in Section 45D(c) of the Internal Revenue Code.**

SECTION 3. IC 6-3.1-11-10, AS AMENDED BY P.L.288-2013, SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2017]: Sec. 10. As used in this chapter, "qualified investment" means:

(1) the amount of ~~the~~ **a** taxpayer's expenditures for rehabilitation of property located within an industrial recovery site; **or**

(2) the amount of a taxpayer's equity investments in, or loans made to, a qualified community development entity that makes a qualified low-income investment in a qualified low-income community.

SECTION 4. IC 6-3.1-11-11.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2017]: **Sec. 11.5. As used in this chapter, "qualified low-income community" means a low-income community (as defined in Section 45D(e) of the Internal Revenue Code) that is located in Indiana.**

SECTION 5. IC 6-3.1-11-11.6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2017]: **Sec. 11.6. As used in this chapter, "qualified low-income community investment" means a qualified low-income community investment (as defined in Section 45D(d) of the Internal Revenue Code) that is made in Indiana.**

SECTION 6. IC 6-3.1-11-19, AS AMENDED BY P.L.288-2013, SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2017]: Sec. 19. The corporation shall consider the following factors in evaluating applications filed under this chapter:

(1) The level of distress in the surrounding community caused by the loss of jobs at the vacant industrial facility.

(2) Evidence of support for the designation by residents, businesses, and private organizations in the surrounding

community.

(3) Evidence of a commitment by private or governmental entities to assist in the financing of improvements or redevelopment activities benefiting the vacant industrial facility.

(4) Whether the industrial recovery site is within an economic revitalization area designated under IC 6-1.1-12.1.

(5) For an applicant that proposes to make a qualified investment in a qualified community development entity, evidence of a commitment by one (1) or more qualified community development entities to match the amount of the credit determined by the corporation with an equal or greater allocation of federal new markets tax credits under Section 45D of the Internal Revenue Code.

SECTION 7. IC 6-3.1-11-21, AS AMENDED BY P.L.288-2013, SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2017]: Sec. 21. **(a)** A taxpayer is not entitled to claim the credit provided by this chapter if the corporation determines that the taxpayer has substantially reduced or ceased its operations in Indiana in order to relocate them within the industrial recovery site. A determination that a taxpayer is not entitled to the credit provided by this chapter as a result of a substantial reduction or cessation of operations applies to credits that would otherwise arise in the taxable year in which the substantial reduction or cessation occurs and in all subsequent years.

(b) A taxpayer is not entitled to claim the credit provided by this chapter for a qualified investment in a qualified community development entity unless the qualified community development entity matches the amount of the credit determined by the corporation under this chapter with an equal or greater allocation of federal new markets tax credits under Section 45D of the Internal Revenue Code.

SECTION 8. [EFFECTIVE JANUARY 1, 2017] **(a) IC 6-3.1-11-1, IC 6-3.1-11-10, IC 6-3.1-11-19, and IC 6-1.1-11-21, all as amended by this act, apply only to taxable years beginning after December 31, 2016.**

(b) IC 6-3.1-11-9.5, IC 6-3.1-11-11.5, and IC 6-3.1-11-11.6, all as added by this act, apply only to taxable years beginning after December 31, 2016.

(c) This SECTION expires January 1, 2018.